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March 20, 2000

Via Hand Delivery
Magalie Roman Salas, Secretary
Federal Communications Commission
445 12th Street, S.W., Room, TW B204
Washington, D.C. 20554

Re: Paging Network, Inc. ("PageNet"), Arch Communications Group, Inc. ("Arch")
WT Docket No. 99-365; DA 99-3028: **Ex Parte Presentation**

Dear Ms. Salas:

The enclosed documents are being provided to Lauren Kravetz, Wireless Telecommunications Bureau, in response to her request for additional information regarding PageNet's current financial situation. As the enclosed articles indicate, PageNet failed to make cash interest payments due February 1, 2000 (totaling approximately $33.4 million). PageNet's subscriber base is also continuing a serious decline. According to the enclosed material, PageNet had approximately 8.8 million units in service at the end of 1999, 500,000 fewer than the 9.3 million reported after the third quarter 1999.

Pursuant to Section 1.1206(b) of the Commission's rules, an original and two copies of the enclosed documents are being filed with your office. Please associate this letter with the file in the above-referenced proceeding. Please call the undersigned if you have questions regarding this material.

Sincerely,

WILKINSON BARKER KNAUER, LLP

Kenneth D. Patrich

By: Kathryn A. Zachem
Kenneth D. Patrich

Enclosures
cc: Lauren Kravetz (hand delivered w/enclosures)

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High Yield Report January 31, 2000

High Yield Report

January 31, 2000

LENGTH: 499 words

HEADLINE: Paging Makes News in Quiet Market

BYLINE: Lee Conrad

BODY:

Paging Network took a wild ride in the secondary high yield market last week, posting high returns the first few days and then taking a dive later in the week when it announced it would not make two coupon payments due Feb. 1.

Paging Network had been bucking the downward trend in the paging sector as of late, and, in fact, was said to be almost single-handedly keeping the sector in the black in recent weeks. Paging has been feeling intense pressure from other wireless players and had been performing badly in the high yield market for most of last year.

In the first few weeks of this year, however, paging had returned nearly 7%, far outpacing any other category, many of which posted negative results year to date. And before last Thursday, more than one portfolio manager said that PageNet was a big reason behind that upside.

Part of PageNet's earlier good performance last week was due to its pending merger with rival paging concern Arch Communications. There also were rumors last week that there may be a spin-off in the near future of PageNet's subsidiary Vast Solutions, a wireless data company.

If that were to occur, it could fetch a high price as many other data companies have in the recent past, according to investors familiar with the company. And the markets reacted last week.

On Tuesday, PageNet saw 44 million stock shares traded, compared with the more typical three million, investors said, to become one of the most actively traded stocks of the day.

Traders said early last week that PageNet had wanted to complete the deal with Arch before its interest payments came due on Feb.1, but on Thursday, PageNet announced that it would miss those interest payments equaling $33.4 million.

Those payments are on a $400 million, 10.125% transaction and a $300 million, 8.875% deal. And in addition to those defaults, the company said it may also violate some of its bank agreements.

In the wake of the default announcement, PageNet said it will increase the amount of stock that the junk bondholders will receive as part of the Arch merger.

Lack of Issues Help Trading

Elsewhere, activity in the high yield market was light last week, with prices overall falling less than a point, traders said.

Outstanding bonds in the secondary market continued to feel the heat from concerns over the interest rate, withdrawals from high yield mutual funds, and competition from better-performing asset classes.

One portfolio manager noted that the lack of new supply has been a blessing in disguise; it is one big reason that the secondary market is at least holding its own.

Fruit of the Loom, which has received a lot of attention as of late with its bankruptcy, lost about half a point on its 7% notes, and remains in the low 30s.

Focal Communications, a telecom play, saw increases last week of about two points on its 12.125% notes.

The market benchmark names like Level 3 Communications and Qwest Communications were largely unchanged.

LANGUAGE: ENGLISH

LOAD-DATE: January 31, 2000

CINEWS
January 28, 2000

PageNet stock rally short-lived

By Antony Bruno

The big question on Wall Street last week seemed to be ''What's up with PageNet?''

After falling steadily all year, Paging Network Inc. enjoyed a stock market rally last week that started Monday and continued through Wednesday, only to fall Thursday on news the company will not be able to make a Feb. 1 debt interest payment of $33.6 million.

The missed payment is expected to affect the company's pending merger with Arch Communications Group Inc. as the deal is adjusted to reflect the unpaid debt and accrued interest. In addition, PageNet said it expects the missed payment, as well as a continuing decline in its results of operations during the fourth quarter of last year, to violate certain covenants of PageNet's bank credit facility.

Since mid-September, PageNet stock only occasionally has poked above $1. On Monday, the stock rallied, rising 40 percent the first day and continuing as high as $2.75 on Wednesday, only to close at $1.94 with per-day trading volumes exceeding 44 million. The stock fell Thursday to $1.34 and was trading around $1.38 midday Friday.

Speculation for the rally runs rampant. Rumors that PageNet will be delisted from Nasdaq prevail. The rally may be a last-ditch attempt to save PageNet from delisting, or a chance to buy shares on the cheap before it is delisted to take advantage of the merger proposal's VAST spinoff equity distribution.

In a Securities and Exchange Commission filing earlier this month, PageNet revealed Nasdaq warned it would delist the company Dec. 22 unless it scheduled an appeal hearing. On Dec. 16, PageNet scheduled such a meeting for Jan. 27. At the meeting, the company said it would request an extension of the time by which it must comply with the minimum listing requirements. One of those requirements is for its stock to trade above $5 for at least 10 days in a row.

''The delisting of PageNet's stock ... may result in PageNet appraisal rights becoming available for Page- Net stockholders. This result could add further complications and uncertainty to the merger,'' read the filing.

Most stock analysts, however, believe the phenomenon is nothing more than a simple pump and dump, similar to what happened to Aquis Communications Inc. late last month, when the company's stock skyrocketed from 50 cents to more than $4 before trailing off.

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Business Wire January 27, 2000, Thursday

Business Wire

January 27, 2000, Thursday

DISTRIBUTION: Business Editors

LENGTH: 712 words

HEADLINE: PageNet Will Not Make Cash Interest Payments on Two Senior Subordinated Notes

DATELINE: DALLAS, Jan. 27, 2000

BODY:

PageNet (Nasdaq:PAGE) announced today that it will not make cash interest payments due February 1, 2000 (totaling approximately $33.6 million) on its 8.875% and 10.125% Senior Subordinated Notes. Under the terms of PageNet's Merger Agreement with Arch Communications, the number of exchanged shares to be received by holders of these Notes will be adjusted to reflect the additional accrued and unpaid interest on such Notes.

The company referred investors to PageNet and Arch's filings with the Securities and Exchange Commission (including PageNet's and Arch's preliminary proxy materials expected to be filed today) for a full discussion of the merger and related transactions, including the consequences of not making cash interest payments. These filings also include further discussion of PageNet's financial condition and liquidity, including the expected violation of certain covenants of PageNet's bank credit facility due to a continuing decline in PageNet's results of operations during the fourth quarter of 1999.

PageNet announced in November 1999 a definitive agreement to merge with Arch Communications (Nasdaq:APGR). Expected to be completed in the first half of 2000, the merger will create a new company with more than 16 million wireless communications subscribers. The merger, which will include an exchange of equity for PageNet's senior subordinated notes and certain of Arch's senior discount notes, remains subject to clearance by the Federal Communications Commission, the Securities and Exchange Commission, the Department of Justice and PageNet bondholders and shareholders.

PageNet is a leading provider of wireless messaging and information services with approximately 9 million subscribers in all 50 states, the District of Columbia, the U.S. Virgin Islands, Puerto Rico and Canada. The company offers a full range of paging and advanced messaging services, including guaranteed-delivery messaging, two-way wireless e-mail, and global messaging. PageNet's wholly owned subsidiary, Vast Solutions, develops integrated wireless solutions to increase productivity and improve performance for major corporations. Detailed information for PageNet services are available on the Internet at www.pagenet.com. Detailed information about Vast Solutions is available at www.vast.com.

PageNet is a registered trademark of Paging Network, Inc.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

Statements contained in, or made in conjunction with, this release which are not historical fact, such as forward-looking statements concerning future financial performance and growth of the business of PageNet, Arch and the future combined company, involve risks and uncertainties, including those described in Arch's and PageNet's most recent Annual Reports on Form 10-K, the preliminary S-4 Registration Statements, and other filings with the Securities and Exchange Commission. Although Arch and PageNet believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, they can give no assurance that their expectations will be attained. Factors that could cause actual results to differ materially from their expectations include the recapitalization of the combined companies, challenges of integrating the businesses of Arch and PageNet, competitive pricing pressures, the introduction of products and services by competitors, the performance of vendors and independent contractors, costs and timing associated with post-merger synergies and cost reductions, the timing, performance and market acceptance of new products and services, including the construction, testing and placement into operation of the Company's advanced messaging network, future capital needs following the merger, the financial condition of the Company and the uncertainty of additional funding, and other risks. Any forward-looking statements represent the best judgment of both Arch and PageNet as of the date of this release. The companies disclaim any intent or obligation to update any forward-looking statements.

CONTACT: PageNet, **Dallas**
Investor contact: **Kirk Brewer,** 972/801-8012
or
Media contact: Scott Baradell, 972/801-8180

URL: http://www.businesswire.com

LANGUAGE: ENGLISH

LOAD-DATE: January 28, 2000

CINEWS
January 14, 2000

PageNet details VAST spinoff

In a prospectus filed with the U.S. Securities and Exchange Commission detailing its proposed merger with Arch Communications Group Inc., Paging Network Inc. unveiled how it plans to distribute equity of its VAST Solutions Group, which it will spin off as part of the merger.

VAST is PageNet's wireless messaging solutions division, designed to create end-to-end wireless solutions for corporate customers.

When the merger was announced, PageNet said its shareholders and bondholders would receive 80.5-percent equity in the VAST subsidiary once it was spun off, but did not provide details.

In the SEC filing, PageNet said it would issue 16.1 million shares of Class B common stock of VAST to both shareholders and bondholders, representing the 80.5-percent equity promised.

To pay off the $1.2 billion in debt notes held by bondholders, PageNet will distribute "13.78 million shares of Class B common stock of VAST, representing up to 68.9 percent of the equity ownership of VAST," according to the prospectus, as well as 616.8 million shares of PageNet common stock and additional shares of Arch stock.

The remaining 2.32 million Class B VAST shares will be distributed to current PageNet shareholders, giving them an 11.6-percent equity stake in the company. The combined company will hold the leftover 19.5-percent equity share of VAST.

The Class B shares are not publically traded shares. At some point after the merger with Arch is complete, the combined company will spin off VAST and hold an initial public offering. Those holding Class B stock may then convert their shares into public stock according to a schedule dependent on the value of VAST determined through the IPO.

PageNet bondholders who can take advantage of the stock offering include holders of the company's 8.88 percent senior subordinated notes due 2006, 10.13 percent senior subordinated notes due 2007 and 10 percent senior subordinated notes due 2008.

For every $1,000 in debt held, those holding notes due 2006 will receive a total of 516.85 shares of Class A PageNet common stock—convertible to 64.45 shares of Arch stock—and 11.54 shares of Class B VAST stock. Bondholders holding notes due 2007 will receive 518.91 shares of PageNet common stock—convertible to 64.7 shares of Arch common stock—and 11.59 shares of VAST stock. Those with notes due 2008 will receive 508.41 shares of PageNet stock—convertible to 63.39 shares of Arch stock—and 11.35 shares of VAST stock.

Once merged with Arch, 29.4-percent ownership of the combined company will be held by Arch shareholders, 17.2 percent by Arch senior discount note holders, 1.2 percent by Arch Series C shareholders, 44.5 percent by PageNet bondholders and 7.5 percent by PageNet common shareholders.

The filing also disclosed PageNet's reason for pursuing a merger transaction. In it, PageNet said it had serious concerns over maintaining its liquidity in the face of declining revenues. The company revealed that another paging carrier, which it did not name, approached PageNet with a merger proposal first, but the terms of the transaction were not agreeable to PageNet's board. In particular, PageNet officers wanted to retain control of VAST.

Given its financial situation, though, Jack Frazee, PageNet chairman and chief executive officer, decided to continue pursuing a merger and approached Arch instead.

In the meantime, PageNet's subscriber base continues its downward slide. The filing listed its current units in service at 8.8 million, 500,000 fewer than the 9.3 million reported after the third quarter.

PageNet is expected to release its fourth-quarter earnings report in early February.

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Wireless

HOT STORIES

From the November 15, 1999, issue of Wireless Week

PageNet Grabs Lifeline
Merger With Arch Creates Messaging Leviathan

By Monica Alleven

Like a contestant on the old "Let's Make A Deal" game show, PageNet faced a fateful choice. It could have picked "Door No. 1," which offered bankruptcy court. Or it could have taken a chance on joining up with another, unidentified entity lurking behind "Door No. 2."

The smart money--actually a no-brainer--suggested instead that the nation's largest paging carrier, based in Dallas, opt for "Door No. 3," and an all-expense paid trip to Westborough, Mass., site of its new headquarters. Losing customers left and right and teetering on the edge of bankruptcy, PageNet needed a solution. The answer came in the form of a merger agreement with the country's second-largest paging carrier, Arch Communications Group Inc.

The merger will create a powerhouse messaging company with 16 million customers--nearly three times as many as Metrocall Inc., the nearest paging competitor. That gives added strength to Arch, whose name will adorn the new company, and saves PageNet from having to file its prepackaged Chapter 11 reorganization plan. Customers of both companies will gain access to more services and better coverage.

In contrast to the ambitious mergers of robust wireline and wireless carriers, the merger of the nation's top two paging carriers is dictated by necessity. In fact, industry insiders say the deal was inevitable. Wall Street was looking for further consolidation. And Arch Chairman and CEO Ed Baker, while not naming names, promised in a third-quarter call with analysts just the week prior to the merger announcement that consolidation would come soon. "As we look out in the future and [see] opportunities and battlefronts, it's going to require companies with different balance sheets and strengths than any of us have on our own today," said Baker, who will be CEO of the combined company. PageNet Chairman and CEO John Frazee Jr. will act as chairman.

At PageNet, concerns mounted in recent weeks over whether the Dallas carrier, despite its massive size, would be able to meet debt covenants. Shareholders were losing patience, and PageNet's stock sank below $1. "I think they were backed into a corner and trying to figure out a way to get themselves out," says Will Power, analyst at Hoak, Breedlove, Wesneski & Co.

Over the past year, PageNet's subscriber base has dwindled to the tune of about 1 million customers, and the losses aren't diminishing. In the third quarter, PageNet lost some 462,000 customers, about 50 percent more than some analysts had expected. While PageNet blames the losses in part on rationalization of its customer base, the numbers are startling. About 122,000 of the net reductions resulted from conversions to PageNet's slow-to-come Centers of Excellence program and non-revenue generating "phantom" units, while two-thirds of the losses were due to continued weakness in the reseller channel, where fierce price competition has hurt most major carriers.

The proposed merger begs a question: Can Arch successfully absorb PageNet? Analysts are cautiously optimistic. "PageNet's problems will now be Arch's problems ... these operational problems do not look as though they are likely to go away anytime soon," says Credit Suisse First Boston analyst Cindy Motz, referring to PageNet's third-quarter results. However, she adds: "We believe Arch has done a good job with the integration of MobileMedia to date, and is in a much better financial and operational position at this juncture."

Arch, with 7 million subscribers, started by serving smaller communities that PageNet did not serve--in that sense, the two firms' network coverage will be complementary. PageNet, which says it has enough cash going into the first quarter of 2000, has a broad range of wireless products and a two-way network that Arch can leverage. Meanwhile, Arch has an extensive array of national accounts and a big sales presence in major markets. And Arch is moving further away from the money-losing reseller channel and offering more advanced services through direct sales, which generate higher average revenue per unit.

Under terms of the merger, which requires a recapitalization of the merged company, the combined companies' debt level will be reduced by about 46 percent, to $1.8 billion. PageNet's Vast Wireless Solutions, which was created in July to focus on Internet-based content services and the wireless information industry, will be spun off, and while its value is still unknown, Motz says a public offering of that company could prove valuable for Arch and PageNet shareholders.

Of course, the transaction won't be great for everyone. About 1,000 redundant positions will be eliminated. Some offices will close in cities where both companies have facilities. And PageNet shareholders won't get too much-- they receive 0.1247 shares in the new company for each share of PageNet common stock.

But the deal might be PageNet's brightest move in years. Once deemed an innovator, PageNet struggled with price-slashing and competition from PCS and digital cellular carriers. Its own advanced wireless services over an expensive two-way network evolved too slowly. A massive corporate restructuring took longer than anticipated. And that goof-up a few years ago with "VoiceNow," a voice paging service that attracted a few thousand customers at best, didn't help matters.

As for Arch, if the integration goes as planned, the deal it has made could end up being the best prize of all.

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